

Message Text

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51

ACTION EA-14

INFO OCT-01 EUR-25 ISO-00 SPC-03 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 L-03 H-03 PA-04 PRS-01 USIA-15 DRC-01

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R 170941Z DEC 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 8788

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY THE HAGUE

AMCONSUL HONG KONG

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

UNCLAS TOKYO 16246

E.O. 11652: N/A

TAGS: EFIN, JA

SUBJECT: JAPAN'S BALANCE OF PAYMENTS IN NOV -- PROVISIONAL

PASS TREASURY AND FEDERAL RESERVE

SUMMARY: TRADE AND CURRENT ACCOUNT POSITIONS IMPROVED DURING NOV. HOWEVER, NET LONG TERM CAPITAL OUTFLOWS REACHED HIGH OF \$1.08 BIL, CONTRIBUTING TO RECORD OVERALL DEFICIT OF \$1.71 BIL.

THIS FINANCED BY \$850 MIL. BANK FINANCING FROM ABROAD AND OFFICIAL SETTLEMENTS DEFICIT OF \$860 MIL. ON SEASONALLY ADJUSTED BASIS, TRADE ACCOUNT IMPROVED SIGNIFICANTLY WHILE

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CURRENT ACCOUNT MOVED FROM DEFICIT TO SURPLUS.

1. IN NOV CURRENT ACCOUNT DEFICIT OF \$40 MIL DECLINED FROM DEFICIT OF \$251 MIL RECORDED IN OCT. TRADE SURPLUS OF \$380 MIL INCREASED SHARPLY FROM \$122 MIL SURPLUS IN OCT. EXPORTS FOR MONTH OF NOV WERE UP 5.8 PERCENT WHEREAS IMPORTS WERE DOWN 2.2 PERCENT FROM OCT. OUTFLOWS OF LONG-TERM CAPITAL INCREASED TO RECORD LEVEL OF \$1,080 MIL FROM \$543 MIL IN OCT. THIS INCREASE OF NEARLY \$540 MIL ACCOUNTED FOR PRIMARILY BY UNUSUALLY LARGE LEVEL OF LOANS TO WORLD BANK AND LDC'S (\$300-400 MIL DOL. IN NOV. VS. 100-150 MIL DOL. IN OCT.) AS WELL AS SUBSTANTIALLY INCREASED PORTFOLIO DISINVESTMENT BY FOREIGNERS (150-170 MIL DOL. IN NOV VS. 20 MIL DOL. IN OCT) JAPANESE PRESS PLAYING UP FACT THAT DEFICIT ON BASIC BALANCE ROSE TO \$1120 MIL IN NOV FROM \$794 MIL IN PREVIOUS MONTH AS WELL AS FACT THAT OVERALL DEFICIT NOW AT 1710 MIL DOLLAR LEVEL.

2. ON SEASONALLY ADJUSTED BASIS, CURRENT ACCOUNT SURPLUS IN NOV WAS \$128 MIL (COMPARED TO OCT DEFICIT OF \$120 MIL). TRADE SURPLUS OF \$548 MIL HIGHEST SINCE OPENING MONTHS 1973 (OCT SURPLUS OF \$253 MIL). SEASONALLY ADJUSTED EXPORTS WERE \$3,602 MIL (OCT \$3,297 MIL. WHILE IMPORTS WERE \$3,054 MIL, VIRTUALLY UNCHANGED FROM AUGUST LEVEL (OCT \$3,044 MIL.

3. PROVISIONAL UNADJUSTED JAPANESE BALANCE OF PAYMENTS IN NOV IN MIL DOLLARS (NOV 72 DATA IN PAREN): OVERALL BALANCE MINUS 1,710 (PLUS 672); EXPORTS 3,450 (UP 39.8 PERCENT FROM 2,467); IMPORTS F.O.B. 3,070 (UP 73.8 PERCENT FROM 1,766); SERVICES AND TRANSFERS COMBINED MINUS 420 (MINUS 46); LONG-TERM CAPITAL MINUS 1,080 (MINUS 542); SHORT-TERM NONMONETARY CAPITAL AND ERRORS AND OMISSIONS MINUS 590 (PLUS 559. RATE OF EXCHANGE USED FOR NOV WAS 277.19 PER DOLLAR AND FOR OCT 266.30 PER DOLLAR.

4. FINANCING OF VERALL DEFICIT IN NOV (OCT DATA IN PAREN) AS FOLLOWS: COMMERCIAL BANKS NET SHORT-TERM BORROWING ABROAD \$850 MIL (\$288 MIL); OFFICIAL ACCOUNTS REDUCTION IN NET ASSETS \$860 MIL (\$671 MIL); PUBLISHED OFFICIAL RESERVES DOWN \$853 MIL IN NOV TO \$13,196 MIL. GOLD AND FOREIGN EXCHANGE TOTALED \$12,044 MIL., GOLD TRANCHE \$639 UNCLASSIFIED

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MIL, AND SDR'S \$513 MIL.

5. CUSTOMARY DETAILS ON CUSTOMS EXPORTS AND IMPORTS TO BE REPORTED IN SEPTTEL.
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Message Attributes

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Decaption Note:
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Disposition Approved on Date:
Disposition Authority: n/a
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Disposition Date: 01 JAN 1960
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Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
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EO Systematic Review
30 JUN 2005

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